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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOGM
MINERALS PROGRAM
FILE COPY

September 18, 1989

Mr. York F. Jones
Manager
Cedar City Operations
Utah International Incorporated
228 South 800 West
Cedar City, Utah 84720

Dear Mr. York:

Re: Review of Reclamation Variance Requests, Utah International Inc., Cedar City Iron Mine Operations, M/021/001, Iron County, Utah

This letter is provided in response to the supplemental information you provided as an attachment to Utah International Inc.'s 1988 annual report. You provided the information in response to the Division's August 19, 1986, review of your original reclamation variance requests, dated May 23rd and June 11, 1986. I apologize for the unintentional delay in responding to your recent letter.

Utah International Inc. has requested relief from further reclamation responsibility for the following three areas:

1. Iron Springs Plant/Office Site - (45 acres)
2. Iron Springs Coarse Tails Pile - (14 acres)
3. Comstock Plant & Railroad Site - (36 acres)

The following comments are directed toward finalization of UII's reclamation variance requests:

1. Regarding the Iron Springs Plant/Office Site, UII has provided a letter from Utah Power & Light (UP&L) indicating they are currently leasing the site. Although no length of the lease was indicated, there appears to be a valid outside interest in using this site. It is assumed that the railroad siding belongs to the railroad. It is the Division's opinion that this is a legitimate use for this area.

Provided area #1 has received proper zoning clearances from the county for the intended industrial use, the Division supports this post-mining land use and releases the operator from further reclamation responsibility.

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However, as owner/lessor, Ull will remain responsible for assuring that the property is maintained in an environmentally stable, non-erosive condition and that all potential public health and safety hazards are eliminated or secured.

2. Regarding the Iron Springs Coarse Tails Pile, the letter provided from Stephen R. Platt, Iron County Engineer/Surveyor, indicates that the county has an interest in continued use of this material for road maintenance. After the tailing pile has been exhausted, it is our understanding that the area will become part of the industrial site complex. It is assumed that the area will also be appropriately regraded and gravelled.

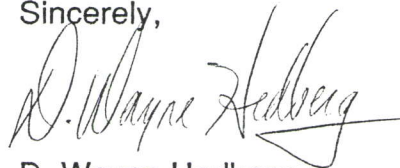
The Division supports this postmining landuse and hereby grants the reclamation variance for area #2.

3. Regarding the Comstock Plant Site, the Division has ascertained that this property has been sold to Basic Manufacturing & Technologies of Utah, dba., Geneva Steel. ***However, the Division cannot grant Ull a reclamation variance for this property until we receive a formal permit transfer and a replacement surety from the new owner.***

The Division requires a complete Permit Transfer form to be filed with this office. Geneva Steel will have to post a replacement reclamation surety with the Division for this property as part of the permit transfer process. We cannot release Ull's reclamation responsibility until this transfer has occurred. A copy of the permit transfer form is attached.

The Division can only grant the reclamation variances requested by Ull for areas 1 and 2 as described above. We cannot grant the reclamation variance for area 3 until the permit transfer and reclamation surety issue is resolved. Please contact us at your earliest convenience, if we can provide any further assistance or clarification regarding the content of this letter.

Sincerely,



D. Wayne Hedberg
Senior Reclamation Specialist/
Hydrologist

Attachments

DWH/jb

cc: Roy Benson, Geneva Steel

Lowell Braxton

Scott Johnson

Holland Shepherd

MN3/77-78